

ALERT MEMORANDUM

DOJ Announces Record-Breaking \$6.8 Billion in False Claims Act Recoveries for Fiscal Year 2025

January 26, 2026

The Department of Justice (“DOJ”) recently announced that settlements and judgments under the False Claims Act (“FCA”) exceeded \$6.8 billion in the fiscal year ending September 30, 2025, the highest recovery amount in a single year in the history of the FCA.¹ Although the time period included the last three months of the Biden Administration and several large recoveries were from resolutions commenced during the previous four years, this announcement further signals the Trump Administration’s aggressive FCA enforcement agenda, which had already been demonstrated through multiple strategic initiatives, such as the establishment of the DOJ-HHS False Claims Act Working Group to strengthen enforcement collaboration between the U.S. Department of Health and Human Services and the DOJ, and the Trade Fraud Task Force to enhance efforts to prevent trade fraud.² The announcement also highlights key areas of focus that should inform compliance priorities for companies contracting with the federal government.

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¹ U.S. Department of Justice Office of Public Affairs, “False Claims Act Settlements and Judgments Exceed \$6.8B in Fiscal Year 2025” (January 16, 2026), available [here](#).

² U.S. Department of Health and Human Services, “DOJ-HHS False Claims Act Working Group” (July 2, 2025), available [here](#); U.S. Department of Justice Office of Public Affairs, “Departments of Justice and Homeland Security Partnering on Cross-Agency Trade Fraud Task Force” (August 29, 2025), available [here](#). For more information generally about the Administration’s enforcement initiatives, please see our DOJ Enforcement Priorities publication available [here](#).



This announcement comes on the heels of the Administration's creation of a new division within the DOJ dedicated exclusively to national fraud enforcement.³ The division will be led by an Assistant Attorney General overseeing multi-district and multi-agency fraud investigations, and who will be responsible for leading fraud enforcement efforts "affecting the Federal government, Federally funded programs, and private citizens."⁴ The establishment of this dedicated division demonstrates the Administration's commitment to combating fraud and signals that FCA enforcement will remain a sustained priority throughout this Administration.

Key Developments

The DOJ's announcement reflects several notable trends:

- **Advancement of the Administration's Policy Objectives:** The government opened 401 new investigations in fiscal year 2025, including investigations into matters announced as "the Administration's policy objectives" in a June 11, 2025 DOJ memorandum.⁵ The policy objectives include combatting discriminatory practices and policies, and particularly, "illegal private-sector DEI preferences, mandates, policies, programs, and activities."⁶ Companies that have made antidiscrimination or DEI-related certifications or other representations to the federal government concerning compliance with federal law in connection with contracts or grants should assess whether their current practices align with those certifications, as this represents an emerging enforcement priority. The Administration's enforcement efforts are not merely prospective

starting in 2025, but include historical cases as well.

- **Health Care Fraud Dominates Recoveries:** Over \$5.7 billion of the \$6.8 billion in recoveries related to matters that involved the health care industry, restoring funds to federal programs such as Medicare, Medicaid, and TRICARE. The DOJ emphasized three major areas of success: managed care, prescription drugs, and medically unnecessary care. Health care providers and investors in the space should expect continued scrutiny of medical necessity determinations and quality of care issues.
- **Focus on National Security and Trade-Related Enforcement:** Beyond health care, the DOJ emphasized enforcement targeting fraud that implicates national security interests and that threatens critical domestic industries, citing military procurement fraud, cybersecurity compliance violations, and customs fraud that evades tariffs and duties. This aligns with the DOJ's cross-agency Trade Fraud Task Force, launched in August 2025 to "aggressively pursue enforcement actions against any parties who seek to evade tariffs and other duties, as well as smugglers who seek to import prohibited goods into the American economy."⁷ Companies engaged in defense contracting, international trade, or those subject to federal cybersecurity requirements should anticipate heightened scrutiny given the DOJ's characterization of violations in these areas as threatening national security and critical domestic industries.
- **Unprecedented Private ("Qui Tam") Suits:** Private individuals, or whistleblowers, filed 1,297 qui tam lawsuits in fiscal year 2025, a 32%

³ The White House, "Fact Sheet: President Donald J. Trump Establishes New Department of Justice Division for National Fraud Enforcement" (January 8, 2026), available [here](#).

⁴ *Id.*

⁵ U.S. Department of Justice, Civil Division "Civil Division Enforcement Priorities" (June 11, 2025), available [here](#).

⁶ The White House, "Ending Illegal Discrimination and Restoring Merit-Based Opportunity" (January 21, 2025), available [here](#). For more information on these executive orders, please see our alert memos [here](#) and [here](#).

⁷ U.S. Department of Justice Office of Public Affairs, "Departments of Justice and Homeland Security Partnering on Cross-Agency Trade Fraud Task Force" (August 29, 2025), available [here](#).

increase over the prior year's record of 980 cases. The DOJ reported recoveries exceeding \$5.3 billion in qui tam suits filed in 2025 and earlier. Whistleblowers, known as "relators" in the qui tam context, typically receive between 15% and 30% of the recovery in successful qui tam actions, creating powerful financial incentives to report suspected fraud. Companies should continue to expect heightened chances that both current and former employees, as well as third parties, including competitors, may be motivated by substantial financial rewards to report potential compliance issues.

- **Value of Cooperation and Self-Disclosure:** The DOJ emphasized its commitment to rewarding entities that self-disclose misconduct, cooperate during investigations, and take effective remedial measures. Under the FCA, in addition to civil penalties currently ranging from \$14,308 to \$28,619 per false claim, violations are also punishable by treble damages (three times the government's damages), creating substantial potential liability. Recent resolutions demonstrate that self-disclosure and cooperation may result in meaningful reductions in financial penalties. Companies should consult with outside counsel to help evaluate potential risks and rewards of self-disclosure when violations are identified.

Recommended Actions

In light of these developments, companies contracting with the federal government should consider the following steps:

- **Conduct Comprehensive Risk Assessments:** Companies should evaluate existing federal contracts, grants, and agreements to identify all certifications made to the government, including certifications related to identified enforcement priorities such as cybersecurity capabilities, trade law compliance, and antidiscrimination compliance. Companies should work with outside counsel to confirm that current practices align with

these certifications. Consultants and advisors should be aware that FCA liability can extend to those who knowingly cause false claims to be submitted to the government, and should accordingly evaluate advice given to entities, particularly involving the identified enforcement priorities.⁸

- **Evaluate Compliance Programs:** Companies should also work with outside counsel to ensure that their compliance programs include robust mechanisms for detecting and addressing potential violations. Companies should expand compliance audits beyond traditional areas to evaluate high-risk areas identified in current enforcement priorities discussed above. Effective compliance programs include regular risk assessments, monitoring of contractual certifications, internal controls to ensure accuracy of representations made to the government, and clear escalation procedures for potential compliance issues.
- **Implement and Test Internal Reporting Mechanisms:** Given the record number of qui tam suits, companies should establish accessible channels for employees to raise compliance concerns internally before escalating to external disclosure. Companies should provide regular compliance training to reinforce the importance of internal reporting. Companies should also work with outside counsel to establish privilege-protected investigation procedures that enable prompt assessment and response to potential violations.
- **Monitor Administration Policy Priorities:** Companies should stay informed on emerging Administration policy objectives that may signal new areas of FCA enforcement focus. As discussed above, the Administration has emphasized targeting DEI-related programs and policies, reflecting a broader strategy of using the FCA to advance policy goals beyond traditional fraud prevention. Companies should proactively monitor Administration directives and policy

⁸ See 31 U.S.C. § 3729(a).

announcements to identify potential compliance risks, particularly where certifications or representations have been made to the federal government. More information on DEI-related risks can be found [here](#).

The DOJ's announcement underscores that FCA enforcement remains a top priority for this Administration. It is crucial that companies proactively assess their compliance with certifications made to the federal government, and consider strategic measures to mitigate FCA risk in this evolving enforcement environment. Cleary Gottlieb's [FCA Task Force](#) is available to assist companies in navigating these developments and addressing compliance challenges in this heightened enforcement landscape.

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